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# **The Effects of the Internet on Commercial Marketing**

**BY**

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**Submitted in partial fulfillment of the requirements  
For the Master of Arts in Corporate and Public Communications  
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# Chapter I

## Introduction

Amazing! That is what the author's Father exclaimed as he watched Jackie Gleason stroll around on the new hit television series The Honeymooners. The year was 1955 and my Father's mom had just purchased the family's first television set. The wonder of technology struck the world, as a TV set became the newest and greatest thing for each family to purchase. A magical box that produced images and sounds to go with them right in your own living room. "The greatest thing since the invention of the wheel" exclaimed the New York Daily Post.

In today's world, the inception of the Internet and World Wide Web is the most revolutionary technology to hit the world since the invention and spread of the television. An entirely new world of communication and entertainment was born with the Internet, as it was with the television. And with both of these great inventions came the new strategies marketing of all product and service driven organizations.

In just the past ten years it could almost be said that the world has experienced a communication makeover. The Internet has changed the way business is done across the globe, affecting everything from the biggest conglomeration to the smallest business owner. As a buyer, I shop in the same "stores" as a man from Boise, Idaho. The proprietor of this store is selling to us from Greenbow, Alabama. Traditional barriers such as distance and location have been all but obliterated by the Internet, and marketing in such an environment is brand new territory. The purpose of this project is to delve into this subject and to note exactly what affects the Internet has had on the world of marketing.

## **Research Question**

What are the evident effects that the inception of the Internet has had on commercial marketing? This broad area of subject matter will be cut down and scrutinized in order to gain a clear understanding of exactly what effects the Internet have had on the world of business, marketing in particular.

## **Objectives**

In order to properly cover this broad topic, and to break down the relevant areas properly, the Author will focus on five different topic areas- History of the internet, Sociological patterns of the internet, Physiological aspects, Communication elements, and finally use a case example to illustrate the main aspects of this project.

Knowing the history of the Internet, it's invention, growth, and rise in popularity is a major factor in learning about the current influence it has on the world of commerce in this country. When looking at how it was introduced to both the corporate world and to the general public we can follow the growth rate of the Internet and it's subsequent affects on the world of business, and particularly marketing.

The sociological patterns that apply to users of the Internet are another key factor in determining its affect on marketing in today's world. The scores of different cultures that use the Internet make it as complicated and broad as in any environment in the world. In order to create successful marketing strategies, it is crucial to understand these cultures and how to appeal to them. This includes understanding the impact of the Internet on the world, and exactly how people as a group respond and react to it. There



are several physco-graphics that can be associated here and that will be discussed at length.

Many psychological aspects are also involved within marketing on the Internet. As the Internet has grown and changed, marketing concepts and strategies have changed right along with it. Those organizations that have handled and adapted to these changes the best are the ones that continue to thrive in today's technology driven environment, while organizations that reacted poorly to change have struggled or even failed. Since the Internet is still in its infantile stages, it can be assumed that the changes surrounding it will only continue, and that every organization will have to develop strategies to change right along with it, as well as even anticipating the changes that will affect this Web driven world. Looking at the perceptions that both organizations and individuals have towards the Internet will help determine many of these aspects.

When describing the Internet, one must be aware that it is the ultimate form of technological communication that the world has ever experienced. Hence, the communication elements of marketing on the Internet are the most crucial to achieving success and understanding. The question of mass media effects on the Internet, as well as the availability and ease of it must be explored. To develop successful marketing strategies it is imperative to understand how to communicate to those you are trying to reach. The design of web pages, the way to market these web pages away from the Internet, and exactly how to set up a web page are some of the crucial communication elements that must be researched.

Let us imagine that we have just accepted the position of head of marketing of a new company that specializes in buying and selling sports memorabilia. The CEO wants

a major part of our business to be done through the WWW in order to encompass as much of a market for as little as possible. How are we to proceed? Using what we know about marketing in today's world we must move forward with new strategies that are both stable and flexible in principal. This case example will exhibit all of the ideas and principals that we have learned about marketing during the age of the Internet.

### **Subsidiary Questions**

#### How an organization markets on-line-

What are the strategies used when making the Internet a marketing source? There are many options when looking at a product/service on-line, such as purchasing them directly on the Internet, or just gathering information to make a purchase in a more conventional manner. An organization must understand the appeal that their service/product will have on a potential buyer and market it accordingly.

#### What a buyer looks for on-line-

What issues concern today's standard Internet shopper? Whether it is an ordinary Joe buying Porcelain for his anniversary, or it is the head purchasing officer at a supermarket buying 200 new shopping carts, the thoughts and trends of a buyer must be researched in order to understand how to market to them. Questions of personal security, customer service, customer satisfaction, convenience, and many others are keys to what a buyer looks for when shopping on the Internet.

### Which areas of business are most and least affected-

Each segment of the business world has been affected in a different way by the inception of the Internet. When marketing used cars on-line as opposed to financial investments it is prudent to take a different approach and to use different strategies. Certain industries have had to reshape their entire marketing approach around the Internet, while it has only been a factor of minor significance to other types of organizations. However, as technology continues to develop, different industries could see their current use of the Internet change drastically in the future.

### How do modern consumers feel about shopping online-

As is true in all areas of marketing, the end-all of the Internet rests with what the general populace feels comfortable with. This new technology may have countless benefits, but if an established base is not developed then the Internet will have little marketing appeal. To fully understand what people in general are looking to get from the Internet, an organization would be wise to conduct polls and research to establish market trends. This work will portray a miniature version of what such an organization would do using a modest survey for distribution.

### What is the future of marketing on the Internet-

When looking at the broad picture, the Internet is still a baby with its entire life in front of her. This means constant change, with different variables constantly arising. This makes preparing a marketing strategy for the future a tenuous situation at best. How an

organization goes about preparing for the future will likely determine the success each organization experiences down the road. Therefore, it is imperative to determine what the future of marketing on the Internet holds.

### **Purpose of the Study**

This project appealed to me because of how prominent a role the Internet now plays in each person's daily lives. The vast majority of people across the country have been on-line, and even those who haven't have heard of the Internet and will most likely be using it as well in the future. And since so many eyes now fall upon the Internet, the basic principal of marketing now applies- put your product/service where the people are looking.

Over the time period that the Author completes this project he will be twenty-five years of age. When he looks back at the world before him there is no Internet, no World Wide Web, and no technology like what has been introduced over the past decade. However, he cannot possibly look far enough in the future to see a world without these and other technologies. So as his life has essentially begun so has the life of an Internet driven society, a society that will continue to mature and to grow with each passing year. For the benefit of my future he will grow and mature with this society.

### **Limitations**

The subject matter covered within this project is unlimited. There are numerous directions that can be taken with this topic. Many important factors and ideas cannot be

covered, and this is on no way meant to devalue or otherwise detract from the significance they have. It is just not prudent to include everything incorporated within this topic.

Among that which will not be covered is in-depth research on web page design. While the significance of a web pages design is certainly important in marketing, this does not fit in well with what is trying to be achieved by this project. It will be mentioned and noted, but that will be the extent of it in future chapters.

The systematical knowledge of how the Internet works will not be covered in this project. While the author certainly finds this area fascinating it does not behoove him to work it into subsequent chapters. For information on the how the Internet works, please consult a local bookstore.

Over the course of this project there will be several opportunities in which particular subjects could be carried out further in research and discussion and yet seem to be cut short. This will be necessary from time to time in order to remain focus on the project at hand. What is discovered subsequently by this project can always be the focus of later works.

## Chapter II

### Perspective and Prognosis

To run a business today takes a measurably different set of resources and skills than it did just ten years ago. Whether we are talking about a major conglomeration or an independently owned and operated small business, the Internet has changed the way business is done. With every passing year it has become apparent that more and more people have obtained online access and organization are moving to gain exposure within this new mean of communication. To have the best chance of being successful it is now almost mandatory to maintain a website that markets and displays your company to those whom you want to show it too. Furthermore, you also have to market your website in order to ensure it is viewed with the regularity that you require.

Think of any recent television commercial. Most advertisements on TV are not only marketing their product/service to the public, but they are also providing their web address so those who are interested can easily access it on the Internet. This is necessary to compete in today's world. For example, if a corporation sells insurance then their website should give detail as to what products they sell, at what rates, and what standards need to be met to qualify. They must do this because all of their competitors are doing this, and to fail to do so would give a significant advantage to all others selling insurance. So when you see a Consec commercial the next time the TV is on, you'll certainly notice that their web address is distinctly shown off throughout the commercial.

How did we get to this point? Why has the Internet taken off so quickly and successfully in the span of a decade? To answer these questions it is necessary to look at the history of the Internet from its inception to the present (see Timeline).

In 1957 the United States Department of Defense developed the Advanced Research Projects Agency (ARPA) in response to the Soviet Union's launching of

Sputnik, the first artificial earth satellite. The ARPA was created to establish a US lead in science and technology applicable to the military. Thus, five years later in 1962 a government agency known as RAND was commissioned to study how the military could maintain control of missiles and bombers after a nuclear attack. From this research RAND proposed the use of a packet switched network, which breaks down information and forwards it from computer to computer.

As ARPA continued its research new advances were made in technology, the Internet began making the first of many strides into the world. The first email program was created in 1972 as another means of transferring data. Then in 1974 the term Internet was coined in an ARPA paper on transmission control protocol. With the development of the Ethernet in 1976, the United States was able to create a satellite link with Europe. It is important to note that all of the developments that led to the Internet were brought about by military preparations in the time of the Cold War. From this point, the new technology was gradually introduced to the civilian world.

In 1983 the Internet Activities Board (IAB) was created in an attempt to organize and develop the hoards of new technology and information that was being learned. From this point to the early 1990's the development of the Internet was split between military and civilian researchers. However, any practical use of the new technology for anything non-military was impractical. This all changed in 1992 with the release of the World Wide Web. With it was the creation of the Internet Society, developed to help progress and advance the Internet. Things from this point blew up, with hundreds of thousands of users gaining access to the Internet in less than two years. In 1994 Pizza Hut began



offering pizza ordering and coupon deals on its web page, therefore beginning the new world of commercial marketing.

When television was introduced to the world, it caught on at what was thought to be a rather brisk pace. Everyone had heard of it, many owned it, and others had ambitions to obtain a TV set. The invention and spread of the Internet obliterated the pace dictated by the invention of television. While it took 13 years for TV to reach 50 million domestic viewers, it took the Internet only 4 years to reach that same number (Hyper Wars- 22). With so many now with Internet access, we now look at how this new dimension has effected commercial marketing.

Almost everyone has a good story relating to when they had shopped for a new car, whether it be about the dealer, the car itself, or perhaps just the hassle of going dealership to dealership to find that right purchase to make. For over fifty years car buying through dealers fundamentally had not changed. However, less then 10 years since the advent of the Internet, on-line car buying accounted for over 25% of all new auto purchases in 2000 (Hyper War-22). This is an excellent example of how the Internet has rocked the business world. Even the most stable and constant of industries have had to make major adjustments in how they do business to survive.

Consider the definition of marketing- it is communication with a group of people, your intended customers or clients, about your product or service, using media. The fact that the Internet is pure communication, and that marketing is communication, is what makes the Internet a natural fit for marketing (Lawton-12/97). The simple fact is that the Internet is a tool that had to happen. And now that we have it, today's companies cannot afford to ignore it. At the very least, businesses need to add e-mail and a web site to their

advertising and marketing mix. A company can now use their web site as a sort of corporate brochure. Whatever marketing rules you'd use to design that brochure should now be used in designing the web site. However, a web site is not print publication. A web site will allow interaction between the customer and proprietor. All of this points to the fact that the web page is the initial step for an organization to begin commercial marketing on the Internet.

There are countless factors that go into designing a web site for a business. It is necessary to accurately portray the message of the company to those who will view the web site. How successfully this message is conveyed will determine the success of the web site, and ultimately the entire company. Starting from scratch, these are the basic principals to use when designing a corporate web page in order to market the company-

**Primary Research-** The initial step in designing the corporate web site is to conduct research to address the specific organizational objectives of this web site (on-line marketing research). What is our main goal in creating this site? What do we want to say, or what is our message going to be? What do we want to accomplish? These are the questions that first must be addressed when building a web page.

**Secondary Research-** This research entails learning about consumer trends, data, measurement tools, patterns, and other vital facts you need to know about those you will target when marketing your product/service. This is a constant in all of marketing, Internet or not, but must be fine-tuned when developing a web page. For instance, take a business that sells clothing. This business already should know who to market to, whether it be men's fashions, children's clothes, or formal wear. These factors should be

carried over to marketing on the web page, but it is necessary to research further from that point and learn the “on-line” trends associated with each group of customers.

It is necessary to develop focus groups, that group of participants that will reflect your target market, when designing the web page (On-line Marketing Research). Once these focus groups have been identified in the initial research, then new concepts and ideas can be explored and the makings of a web site have begun.

**Defining your market-** when building a web page an organization must know who they are building the web page for. A financial company wants to tailor their page to investors, people with certain income levels and those who are likely to have cash reserves to invest in the marketplace. On the other hand, a company that sells tractors would want to market to farmers and those in rural areas.

The market you are trying to capture is simply that group of consumers or businesses to whom you provide a product or service. Oliver Raskin says, “On-line products and services do not exist in a vacuum and your thinking as an organization should reflect this fact.” (On-line Marketing Research) This point tells us that your web page will be available for all to see, as will other web sites in your market area. In order to increase your chances of success the web page should be constructed in a way that appeals to your market. The first step is defining what that market is, and maybe more importantly, what it is not.

Defining your market is the first step in all marketing strategies. However, there can be a difference when defining it on the Internet as opposed to on television or other areas of mass communication. For instance, when watching a golf tournament on television you’ll likely see a plethora of commercials on financial companies and

products. The reason for this is because golf is a sport with a strong fan base in the middle and upper classes of the country, the exact market in which a financial company would like to target. The same process on the Internet is not so simple. This is because the major areas in which to find golf coverage on-line, sites such as ESPN.com, CBSSportsline.com etc., also carry bowling, football, and NASCAR coverage as well. These sports are not as marketable to a strong financial company, though they are certainly mixed in with golf. This complicates the process of defining your on-line market.

There are two basic methods to use in defining your market, quantitative and qualitative. Doing so in a quantitative manner is how you would go about defining difficult and muddled areas, such as an ESPN.com in the reference above. This type of research gives underlying reasons for the attitudes and opinions of consumers in your target marketing areas. In addition, quantitative research measures the hard facts, a must when defining your market. This helps to clearly define and demonstrate what an organizations target market should be. For example, using the same financial company as our basis, we ask how they would use quantitative research to define their market. The answer is to gather hard information on what a middle to upper class consumer wants out of a web site, what attracts them to it, turns them away from it, and what makes them return back to it. Raskin points out that, "quantitative research is an investigative tool that allows you to quickly understand the mind-set and perspective of your customer."

(On-line Marketing Research)

Qualitative research is more of a hands on type of research that depends largely on feel and experience. This method of research is free-formed and open-ended,

allowing for highest possible flexibility. Qualitative research is an excellent method in learning how to deal with change in the business environment and will allow a company to make the best possible decisions when moving forward. If quantitative measures the hard facts then qualitative will more likely measure trends, customer opinion, and market regularities and irregularities. Raskin tells us "that we must first look at all factors surrounding the particular question we are trying to answer"(On-line Marketing Research). For instance, take our earlier reference to focus groups, which are a group of participants that reflect your target market. By obtaining the insight of your direct market you will have the most direct information as to what works, what doesn't work, and what can be changed on your web site. This can be achieved through direct communication with those associated with the target market, or by something as simple and as friendly as a consumer feedback option on your particular web site.

When actually constructing the web site there are five basic types of content that need to be included in order to portray the proper meaning of your organization and its purpose to the customer.

**1) Position Statement-** This is the main meaning and purpose of your entire organization. It is normally a short phrase, sentence, or even a word. Its purpose is to give the customer an immediate understanding of what your organization is all about, what they sell, what they offer, and even who they are. It should be an enticing statement, one that is not easily forgotten by those who view it. Examples would be;

- "We're looking for a few good men" US Marine Corps;
- "Just do it" Nike;
- "We love to fly and it shows" United Airlines.

Each organization looks for something unique to define them above their competitors.

**2) Content supporting the position statement-** The statement "We love to fly and it shows" means nothing if there isn't any information available to support it. Therefore an organization must provide content detailing what they are saying their position statement to give it credence to their customer market. For instance United could choose to support its above statement by briefly explaining that all of its employees are also part owners of the company and they therefore have a major stake in the customers satisfaction with the service they provide. This will resonate with a customer who sees first the position statement and then the core meaning behind what the organization is trying to convey.

**3) Specific content on services/product-** The biggest reason for a potential customer to visit a web site is to learn exactly what product or service the organization is offering them and how it competes with competing organizations. Therefore the web site must contain a clear and concise explanation or listing of what they offer. All relevant information should be available, such as price, delivery, performance, rating, and all other intangibles that normally would come up in the particular type of commerce. Using the United example, all destination and arrival points, time periods, price rates, restrictions, purchasing options and availability should be among that listed on the web site. It is essential to provide the customer with a user-friendly, convenient method to obtain information and make purchases.

**4) Attractive/Captivating content-** "A web site is always a marketing tool and should always be built with marketing the product in mind," as quoted by Raskin (On-line Marketing Research). This simple lesson can easily be lost when constructing a web site, though how you entice your customer is what will sell them the first time, as well as

bring them back for additional business. With this in mind an organization must find the proper design and presentation of their web site to effectively captivate their particular market. For instance, a conservative financial company selling securities would most likely not want ocean views and people in swimwear parading around their web site. They would want something enticing to their audience, such as Merrill Lynch has its signature bull, or Prudential has The Rock. By building the web site around its focus group an organization will be able to effectively gauge how it should present itself to the public eye over its web site. United would likely show pictures of exotic places, tell stories of families reuniting from far distances, and offer great deals for frequent fliers as a method to attract and keep their target audience.

**5) Interaction-** A crucial element that is extremely valued by Internet users is the chance to interact with those they shop with. A major disadvantage of the Internet is that it is not face to face communication and a number of elements can be lost within this relatively new method of technology. Therefore it is crucial to develop a system in which the customer can easily interact with the organization. Possibilities include an email function that guarantees immediate response; an "800" phone number in which a client service person can answer your questions; a real time net communicator similar to AOL's instant messenger that allows instant interaction with a web site employee. Any of these ideas can be applied, yet the key is to make them as user friendly as possible and to encourage that the customer takes advantage of them. When considering almost any business transaction, whether in a boardroom or a department store, any person can picture the amount of questions a typical customer will ask their counter party before making a purchase. If their questions are not answered to their satisfaction then the

purchase will not occur. For a company that intends to profit from on-line business, it is essential to actively communicate with potential customers in order to obtain the best possible chance at winning their business.

There are three major elements to an organization's marketing success on-line (Hyperwars, pg. 151-2). They are:

- 1) *The company is willing to commit full resources to the web market.* Especially since the Internet is still a relatively new communications tool, it is imperative that an organization be willing to allocate the proper funds to its development and progress. The ancient expression "it takes money to make money" could not be truer when it comes to spending on the Internet. As new strategies are researched and employed the internal costs will rise, but it has been shown that a commitment to spending on Internet development and marketing will reap huge profits in the future.
- 2) *Overriding interest in experimentation.* With so many strategies and options involving the Internet yet to be discovered, it is essential for an organization to constantly experiment in order to keep an edge on the competition. In any area of marketing a sense of staleness can be a kiss of death. That is emphasized in Internet marketing, meaning that constant experimentation is the best path to success.
- 3) *Respond with flexibility to what has been learned.* Since a web page is an ever-changing communication tool, it behooves the organization to learn from each strategy tried, whether successful or not. The organization should experiment and take note of what positives and negatives arose from that experimentation. Attention to detail and continuing knowledge of your web page will lead to success for the organization.



## Chapter III

### Strategies and Focal Points

The Internet takes a more prevalent role in our society every year. Businesses that want to communicate certain messages to the world now use the Internet to pass along those messages. This chapter deals with the different options available to an organization in marketing over the Internet.

Once an organization has developed its web page and marketing philosophy, it becomes time to actually look at the means available to market over the Internet. In a manner similar to traditional marketing, the idea is to find where each target audience is “located”, and stick the advertisements there. However, this can be tricky over the Internet, as trends are much harder to pick up on and competition for available space is always fierce. Below are four basic vehicles that are most prominent in marketing over the Internet.

### **Email Marketing**

Fast, cheap, and overwhelmingly popular, email is the ideal medium for online marketing (eMarketer.com). What may be the most recognized form of marketing on the Internet are various types of emails sent by an organization to members of their target audience. This method of marketing is proven effective, and will only continue to grow in the future (DoubleClickInc.com). Just about any person with an email account has received countless emails advertising certain products or services. This method of emarketing can be considered the “cold calling” of the 21st century (Figure 3-1).

However, when considering the logistics of cold calling versus email marketing, there really is no comparison. There are many obstacles that stand between a cold caller

and their prospective customer before contact is even made. Whether or not the customer is home or available to speak, whether they will even listen to the proposal of the telemarketer, and how many people can be reached over a certain period of time. Email marketing side steps all three of the major concerns facing telemarketers. By sending mass emails to personal email accounts, an organization can ensure that the prospective customer will have a chance to view the advertisement at their own convenience and not by sheer chance of a representatives phone call. In addition, the amount of time and money saved in this type of mass marketing campaign versus hiring cold callers and paying phone bills is enormous. Therefore, a company that participates in a massive email-marketing program will improve exposure and results, while at the same time cutting company costs and effort.

A more personal form of email marketing is permission-based email. These are emails that customers have either requested or allowed be sent to them after a prior purchase or visit to an online site or company store. Over 88% of online customers made a purchase in the year 2000 as a result of permission based email, up 61% from 1999 (DoubleClickInc.com Nov 01). 37 % of these purchases were made immediately after receiving the email. The power of this marketing method is simple- the customers are basically coming to you to make a purchase! This is the dream of any product/service-related organization.

On average, each online customer spent \$1,023 in 2000 when making one or more purchases as a result of an email advertisement. 86% of these customers made multiple purchases from the same merchant (DoubleClickInc.com Nov 01). When considering

that the average number of permission based emails received by an online customer is 36 per week, it is easy to see how organizations are increasing sales while lowering costs.

Studies show that 90% of Web users connect to the Internet primarily to view and send email. The common view for most users is that email is a welcome necessity in today's world, and is not seen as a chore. In fact it has now become a daily part of people's everyday lives, second to only the telephone as the preferred communication tool among Americans (eMarketer Dec 2000). CRM Daily reports that the American market for email will surpass one billion dollars by 2003, continuing the record growth of email as a communication and marketing means. The Aberdeen Group recommends email marketing due to simplicity, cost effectiveness, and strength in customer retention. All of this information from Web research groups point to emails effectiveness as a marketing tool towards online users. By utilizing a familiar and comfortable tool an organization can communicate their intent in an effective manner to the potential customer.

### **Loyalty Marketing**

Modern loyalty marketing is a concept started by American Airlines Frequent Flier Programs. This program allowed customers to be tracked so airlines could target particular benefits to them. This allowed the airlines to learn more about their clientele so that better marketing decisions could be made, and solid, long term relationships could be built on a customer by customer basis (E-Loyalty pg. 3-4). The reach of the Web have

made this same level of personalized attention attainable by e-tailers thousands of miles away with a virtual staff that they may never meet. With customers now void of any concerns of distance, they can comparison-shop and create a profile that introduces a personalized element where e-tailers remember their name and preferences at a level never before achieved.

Internet companies are often in the position in which they must beat the lowest price of their most aggressive competitor, unless they insulate themselves with a customer service program that generates e-loyalty (E-Loyalty pg. 16). The Internet is a commerce system that allows a customer the immediate opportunity to compare prices and product benefits between competing organizations. Without reaching out to build a personalized relationship with the customer, gaining their trust and loyalty to your organization, an Internet company's business can be swept away by a cost-cutting competitor. The past two years have seen countless examples in the form of "dot-com" organizations.

To illustrate this point we can use a basic business situation from the 1960's. This was an era in which family operated delis and grocery stores were the norm. However, these businesses became threatened by the emergence of Seven-11 stores and massive chain grocery stores. These new type providers offered lower prices and larger selections. Most family operated businesses succumbed to the new industry, with only those that had developed a solid customer base kept afloat. Only by developing loyal customers through outstanding service and personal care were these few independent business' able to compete with larger, more efficient organizations.

There is no obvious single answer to what generates E-Loyalty from customers. As in any marketing setting, it depends on the industry and target audience of customers that an organization attracts. E-Loyalty can only be generated through the tenuous process of developing and maintaining a strategy to build a relationship with your customers. Ultimately, an effective strategy in E-Loyalty will be an organization that keeps the needs and wants of its customers involved within the decision making process.

When dealing over the Internet it is necessary to humanize digital loyalty (E-Loyalty pg. 21). This means not only breaking down natural barriers that may interfere in building relationships, but also using natural advantages of the Web to build these loyalty inducing relationships easier, faster, and cheaper. The Internet is still the communication wave of the future and all marketing concepts, including loyalty, are subjects to the Web's advantages and disadvantages.

As an organization, there are four basic questions to ask when contemplating how to build e-loyalty among customers. The answers to each of these questions are designed to help an organization determine their strategy on building e-loyalty (E-"Loyalty pg. 21-25):

#1 What web site features make the customer revisit, repurchase, or recommend your web site?

- By studying the behavioral trends of your customers, an organization learns what about their site is most popular and appealing to those who view it. Learning what about the site drives the customer to be loyal and then maximizing its potential are key in the e-loyalty game.

**#2 What is the decision process behind reselecting the product/service in question?**

¶ Determining the factors, attributes, personal situations and all the like about why a customer decides to be loyal to your web site is crucial in building solid relationships with more and more customers. What is the appeal of your product/service, and how is that appeal related to the customer on the web are the core elements to answering this question.

**#3 What makes a customer consider or not consider another provider; and why should the customer buy from your web site despite the higher price?**

¶ Customer loyalty is a complicated and oftentimes inexplicable part of business. Many times a customer will show loyalty to one organization when every reasonable fact (such as price and quality of product/service) points to using another organization. To determine why a customer feels such loyalty in particular situations, large polls should be conducted to determine the insight and opinion of these customers. Start by using the customers of your particular organizations, and then evolve the poll to include customers from all around your industry. There is never too much information to be gathered in learning about customer trends in being loyal.

**#4 How do customers feel about an organizations web site management and service?**

¶ Loyalty is about building customer relationships. A relationship is an event in which all parties have an understanding and receive mutual benefit from the other party. In terms of e-loyalty, it is absolutely essential for an organization to learn not only that the customers know you care for them, but why they know you care for them. When able to

identify why the organization commands customer loyalty, it can then be determined how to best organize the company's strategy to best benefit business.

The marketing strategy of developing e-loyalty among web customers may be the most crucial of all strategies needed to ensure business success. E-commerce is a constantly changing form of business, and different methods and strategies are always being developed. While an organization must always be utilizing funds and manpower to discover and exploit these new marketing avenues, the loyal customers are the backbone to any organization. As in the 1960's world of family owned deli's, the Internet is a business in which those that build and maintain client relationships will be the organizations that succeed over time.

### **Banner Ads**

One of the oldest and most identifiable marketing strategies on the Internet are banners ads. These are ads that are either stable parts on certain web sites, ads that pop up when accessing a certain web address, or an ad that appears whenever one initially logs online. The premise of these ads is basic and straightforward, much like a billboard on the side of a freeway. The point is to grab the Internet user's attention momentarily in the hope of implanting the product or service offered into the forefront of their thoughts. To take it a step further, these banners ads also offer a connection to the sponsoring organizations web site for the option of an instant purchase. The strategy is simple,



cheap, and can be tailored in a way so that it reaches the organizations target audience (Figure 3-2).

As discussed previously, the key to marketing, on the Internet or not, is to put your advertisements in front of your target audience. The strength of banner ads are that they can be placed on specific sites in which a specific audience is known to frequent. For instance, if a securities company creates a banner ad detailing their excellent research sources on their web site, it would be prudent for them to place this ad on a site that attracts investors with a certain net worth. Sites like the financials of an online newspaper site, or perhaps a golf web site would be ideal. The whole idea is that an organization can create a relatively informative advertisement, place it in an area here it will reach their target audience, and still have an extremely low operating cost.

The Interactive Advertising Bureau has studied the effects of banner advertisements over the past year and stated that these types of ads are still effective at increasing brand awareness and purchase intent (IAB, Jul 23, 01). The new trend has been to use ads with audio, video, Flash, and DHTML technology in order achieve an even greater impact with branding ads.

While banner ads still are a popular choice for advertisers, many surveys have found that they appear to be losing effectiveness in some areas (CyberAtlas Nov 12, 01). Reasons found for an increasingly negative reaction to this type of advertising centered around customer irritation and annoyance. New software available to blocks these type ads have been released, though without much fanfare. Only one percent of online customers use software to block banner ads, and over seventy-five percent of online users have never even heard of such technology. When informed, only an additional fifteen

percent indicated that they would have interest in pursuing this software (CyberAtlas Nov 12, 01). Information and facts such as these show that the trend of banner ads will continue on the Internet.

### **Search Engines**

Another basic type of advertising on the Internet is through the use of search engines. An Internet search engine is a type of cyber phone book, providing web sites that match the particular criteria entered by the researcher. As much as a banner ad is a marketing strategy designed to aggressively approach the customer, the search engine lets the customer come to the organization. Countless sites offer search engines, some of them devoted only to providing searches for online users (Figure 3-3).

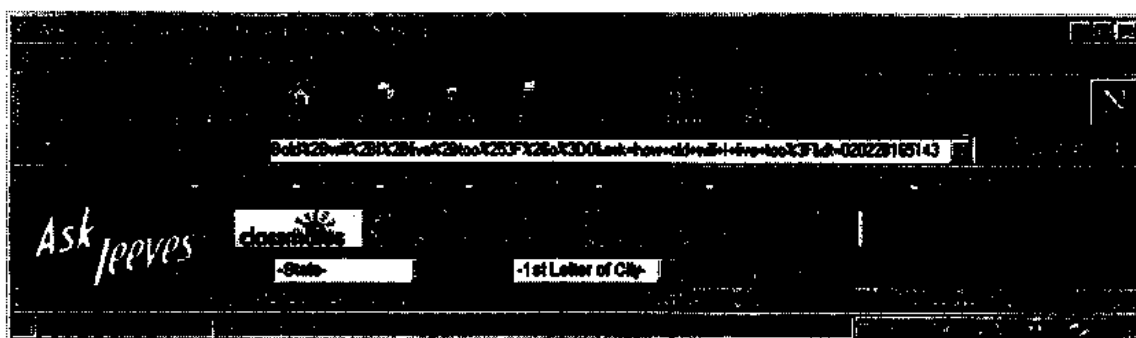
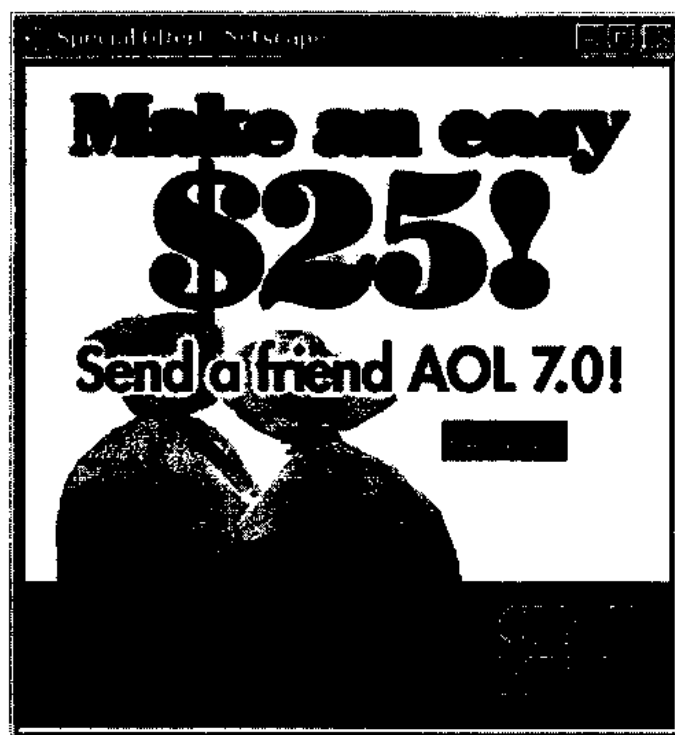
While an organization can place their ads in the area best suited for its target audience, and can send strategic emails thousands at a time, it is impossible to locate all potential customers that may have an interest in the provided product or service. A search engine will allow those who you haven't found to come to you. For instance, if an organization specializes in selling patio furniture, they would want to register with as many online sites as feasible in order to take advantage of potential customers. Let's say that an online user is looking for a new patio set and goes to *Yahoo.com* with the hope of finding what he wants. The person enters patio set into the search engine and the results bring him several options to help him find what he wants. One of these options is the aforementioned patio furniture organization, whose web site and benefits are now in front of a potential customer with a need.

The use of search engines is a form of passive marketing. Though not as prevalent as other types of Internet marketing, it is essential to an organizations success in an online world. Over ninety-five percent of online users are familiar with various search engines, and it is likely that if they have a need your organization can fill, a search engine is how they will find you.

With every passing year there will be new innovations on how to market on the Internet, as well as improvements to current strategies. To ensure the best chance for success in an online world, an organization must successfully exploit the four options discussed above. Obviously some will prefer one strategy as opposed to another, but the concepts will always remain the same for those that succeed.



## Banner Ads





# Chapter IV

## Research Methodology

In order to develop a new strategy for marketing through a new means of communication, it is imperative for an organization to fully understand whom they will be marketing towards. As a company's financial officer, you must be able to accurately allocate available funds to Internet Marketing. As marketing coordinator, you must be able to break down your target audience and identify the most effective means of reaching them. To accomplish these goals, the facts of who is online and what their tendencies and concerns are must be researched and analyzed.

At the end of 1999 there were more than 112 million Internet users in the United States and Canada alone. Over the course of 1999, 37% of all Americans used the Internet at least once each month either at home or at work. Over 98 million American Internet users currently use over 270 million email boxes in the U.S. alone (Internet Marketing in Real Estate). Time Magazine (3/22/99) predicted that by 2003 there would be more than 31 million American households with more than one computer, up almost 70% over a period of 4 years.

The simple fact is the Internet is the world's fastest growing method of communication. Access to the Internet grows at a compounded rate of 21% annually, and it will penetrate more than two thirds of U.S. homes by 2003 (Internet Marketing in Real Estate). It is obvious that product & service driven organizations will now turn to this new method of communication to market their goods, but in order to be successful it is necessary to learn about the tendencies of those they are marketing towards. The 1999 online sales total exceeded 18.6 billion dollars, and 2003 estimates over 1.2 trillion dollars in sales. Now is the time for organizations to become experts on the Internet and those who use it.



United States Web users average 6 different online sessions each week, for a total online exposure time of 2 hours and 46 minutes. During each session the user visits 6 unique sites and views each page for an average of 56 seconds (Internet Marketing). These are all basic and simple facts about American Internet users, yet they are a crucial beginning for organizations marketing efforts. As in with television commercials and ads on billboards, the proper thought must be put in to where and how to market organizations services.

It has been established that an organization must effectively research the Internet and its different markets in order to plan a proper strategy to market their product/service. In each industry and for each different organization this research will focus on a wide variety of strategies and themes. However, the end goal is always the same- to learn as much as possible about what the prospective customer is thinking. What makes them comfortable? What scares them? Are there circumstances that currently prevent large success in one strategy that may change in the future? Discovering what those in your audience perceive about Internet marketing and then exploiting that knowledge is a key to successful business on the Internet.

Below is the breakdown of a survey distributed to a bulk amount of individuals to determine their comfort levels in shopping and purchasing products and services online. The author created this survey in an attempt to learn the viewpoints of a wide variety of people's thoughts and feelings when exploring different products/services online. This survey focuses on shopping on the Internet in general, not on any particular line of business or industry. Results and further details of this survey will be discussed in a further chapter, and it can be assumed that what is found would greatly benefit any

organization attempting to learn about marketing on the Internet. Shown below details what information is asked and the author's intent in asking it.

The first page of the survey is the Information Page. This accumulates basic information on each respondent to give a telling description of the make-up of each person. In a way this information puts a face to the respondent of the survey, making it easier to breakdown the preferences and opinions of each section. The information asked for is as follows:

**Information Page:**

- 1) Sex: To differentiate between male and female respondents and to determine what, if any, differences in approach there is to the Internet.
- 2) Age Group: By determining the age group that each particular person falls into, we can determine certain trends versus their internet comfort level.
- 3) Range of Internet usage per week (hours): To determine whether increased exposure to the Internet creates a sense of comfort.
- 4) Length of Internet Usage (years): Again, the goal is to determine whether or not advanced experience using the Internet has an effect on how an individual feels when making an online purchase.

- 5) **Rate your proficiency:** By learning how comfortable a person is in the fundamentals of using the Internet, comparisons can be made to that persons comfort level in making purchases online.

The second part of the survey is made up of ten concise, specific statements to be rated on a scale of 1 through 5. The purpose of this section is to gauge the comfort level of online users under specific circumstances. Each statement is direct, clear, and purposeful in its meaning. There is also a trend to the order of the statements, designed to keep the respondent from seeing the statements as being too similar and giving repetitive answers.

**Rating of confidence and comfort level when confronted with the following options (scale of 1-5; 5 being most comfortable, 1 being least comfortable):**

- 1) **Making an online purchase:** A basic opening statement, this starts off the reader with the theme of this part of the survey. The immediate response to comfort level is a telling sign for the further questions.
- 2) **Making a “major” purchase online:** A rejoinder statement to #1, this one takes making an online purchase to another level. What a “major purchase” refers to is purposely undefined so that the readers can infer for themselves what they consider major.

- 3) Obtaining information about a product online: A less threatening prospect, but one in which will tell exactly what each individual gets from the Internet as far as product/service exploring goes.
- 4) Personal security when making an online purchase: Back to the theme of statements #1 & 2 here, making an in-depth query as to why a person may or may not be comfortable purchasing online.
- 5) Finding your desired product online: Again, back to a less threatening statement, the idea here is to determine the efficiency with which individuals achieve their goal in going online.
- 6) Convenience when making an online purchase: One of the biggest stated goals of the Internet is the convenience involved, and this statement gains a measure of how important that is to the respondent.
- 7) Making an online purchase the first option: This statement gauges comfort level from a different perspective. Does the individual feel comfortable going straight to their computer to make a purchase rather than the local mall or dealership?

- 8) Returning to an online carrier of a service or product: A statement geared towards loyalty marketing and how the respondent feels when it comes down to being loyal to a particular site or online organization.
- 9) Being notified of new deals or opportunities online: This one is testing the individuals' comfort level in receiving emails about online products or services. It is worded in a manner to avoid the mention of email marketing, rather to have the respondent think of the situation as the marketing organization is trying to appeal to them.
- 10) Selling an item online using sites like Ebay & Yahoo: When an individual becomes the seller their viewpoint often changes. This statement is to subject the respondent to a reversed role, one that they possibly may or have encountered when dealing with the Internet.

Additional comments or insights: After ten specific statements, the responder is given a chance to express some personal opinion into this part of the survey. Any additional comments added here can help the author see a new perspective or thought process on this topic. It may also help explain the logic behind some of the respondent's answers.

The survey's last section is a SWOT analysis of Internet marketing. The format is wide open and offers the respondent the chance to express their unabated feelings and opinions on the matter. This part of the survey sharply contrasts to the first section,

offering an array of opinion questions rather than hard statements. This contrast will help the author piece together certain patterns and trends of the respondents. Furthermore, the information contrived from the SWOT analysis can provide unexpected answers that may lead to new opinions or theories.

### **Your thoughts on Shopping on the Internet-**

List three to five apparent strengths to shopping online: Quite simply, this asks the respondent to state what they like about online shopping. The trend should be that answers detail what would make a person go online to make a purchase, and why this may be preferred over standard shopping methods.

List three to five apparent weaknesses of shopping online: The opposite of question #1, this asks the respondent to state what they dislike about online shopping. This question will expose the perceived faults of Internet purchases, and will also give a preliminary idea as to what threatens an individual when shopping online.

List any safety concerns you have when shopping online: Building on question #2's momentum, this asks for what threatens people when they are shopping online. The idea is to receive further and more detailed input on weaknesses mentioned previously. It also comes right to the heart of what is primarily considered the Internet's biggest flaw- security issues.

List the products or services that you find to be the easiest to shop for online:

Changing gears here, this asks for feedback on what the respondent finds to be simple and easy in online purchasing, largely considered the Internet's best feature. This also provides the opportunity for the respondent to identify which markets benefit the most from online customers.

List the products or services that you find to be the most difficult to shop for

online: An opposite of question #4, this is asking for certain markets and industries in which online customers do not have an easy time making purchases. More so, this exploits areas in which the Internet may suffer when compared to standard shopping methods.

List any major changes you feel should be made to make online shopping a more

efficient process: This is an excellent opportunity for the respondent to offer both opportunities and threats involved in shopping on the Internet. This will most likely expose each person's ultimate feelings on the topic, and gives them a chance to include their input as they see it within the survey.

Please add any additional thoughts or ideas: This can almost be considered a

continuation of the last question, furthering the respondents' ability to express themselves. It also may free any inhibitions one had from giving as genuine an opinion as possible on the last question. This also allows the respondent the chance to comment on the survey and pertinent material involved.

As can be seen, this survey starts out very rigid, asking informational questions confined within certain ranges and offering only certain answers. It gradually lightens in the first section, asking for agreement levels on concise statements that provide a clear meaning. To end the survey, the respondent is given a change of pace, being asked open-ended questions that allow them to express their opinions in their own words. After facing two parts of tightly controlled survey, the respondent should then be most willing to freely express their point of view. This format also allows the author the chance to obtain responses in specific areas, as well as to query each person for opinions and points of view that may back up recorded data, contrast that data, or provide altogether new data on the subject of shopping on the Internet.



# **Chapter V**

## **Revelations and Validations**

The author's survey was distributed to 100 possible participants, with 87 of them being completed and returned. The end result upheld many of the assumed theories of the author, though many areas did turn out differently than expected. In the end the survey should be considered a success, providing detailed information on what possible Internet consumers feel about shopping on-line.

The point of this survey was to gain an understanding of what consumers feel about making on-line purchases and learning about products and services on the Internet. In a way, this could be looked at as a smaller version of what an organization may do to gather information on focus groups in the effort to market their product/service in the most efficient manner. As described by the on-line marketing research site Ipro.com, reliable Internet traffic figures are hard to come by:

Advertisers today are making concerted efforts to learn all they can about Internet traffic figures. It is imperative to grasp who is online and where those online are spending their time. A new study from Ipro has found that the lack of reliable online traffic measurement has continued to be a major issue for advertisers. Over 66% of those advertisers polled believed that audience figures cited in online media kits were inaccurate, and 89% of felt that online traffic figures should be validated by a third party. Of those polled only 25% thought that advertising online was extremely effective, compared with a 75% effectiveness rate for advertising on television, 51% advertising through print, and 44% through the radio. 5% of those polled believed online advertising to be completely ineffective, while 31% said it was somewhat effective and 39% said it was moderately effective.

When asked what would make online advertising more effective, advertisers routinely cited factors such as improved measurement standards, more reliable targeting and improved advertising formats. However, the most often cited reason for ineffective online advertising was a lack of reliable performance measures.

As discussed by Ipro.com, exact figures on Internet traffic is almost impossible to come by. Therefore a survey such as this will only reveal possible trends on how possible consumers look at on-line shopping. However, this is still the most effective manner in which to obtain information about Internet trends, revealing possible patterns and uncovering new ideas or methods to market that may not have been thought of beforehand.

The first information-gathering page of the survey revealed whom was responding and what different characteristics they possessed. Of the 87 respondents, 53 were women and 34 were men (for a full breakdown of percentages please see survey results at the end). All 5 of the listed age groups were represented, with a majority of the respondents falling between the ages of 26-40. All 4 possible answers were also given when asking about the range of Internet usage per week, though only one respondent selected that they didn't use the Internet on a weekly bases. A wide variety of answers were given when asking the respondents how many years they've been using the Internet, and the author was surprised to see that 13 people said they'd only been using the Internet for 1 year or less. The last question on the information page asked respondents to rate their proficiency on-line. Again, a wide variety of answers were given, though this is not to be

unexpected when asking such an open-ended question that leaves the respondent a wide range on how to interpret the possible choices. In retrospect the author should have developed a more specific question to gauge each respondent's on-line proficiency.

The author was pleased to receive such a wide variety of respondents as indicated by the information page. What was learned here is to be applied by the answers the respondents gave on the following two sections of the survey.

The second page of the survey consists of ten short statements in which each respondent is asked to rate their comfort and confidence level in. Possible ratings are between one (lowest) to five (highest). The last part of this page allows the respondent to add any additional comments or observations pertaining to the topic at hand.

### **What was learned:**

#### **\*Making an on-line purchase-**

The majority of respondents felt a strong sense of comfort when making an on-line purchase. 4's and 5's were selected more than 75% of the time, and almost 100% of the time by those with four or more years of on-line experience. This is an expected response, proofing that in today's world the Internet is a viable option when deciding to make a purchase.

#### **\*Making a "major" on-line purchase-**

By adding one simple word (major) to this next statement, the answers of each respondent were lower by more than a point and a half than that of the first statement. In

zero cases did a respondent feel more comfortable making a "major" on-line purchase rather than just an on-line purchase. Still in the first decade of use, the Internet still has differing levels of confidence depending on the size and value of the purchase to each potential customer.

\*Obtaining information about a product on-line-

An offshoot of the second statement, this validates the existence of the Internet as a major information media when it comes to on-line shopping. Almost all respondents answered with a 5, and none answered with anything below a 4 to this statement. As has been discussion throughout this work, the Internet is a marketing tool because of the ability it has to communicate to the masses. With such a vast majority feeling comfortable in information gathering on-line, the use of the Internet is made clear.

\*Personal security when making an on-line purchase-

In statement #2 a major drop-off in confidence in making an on-line purchase was revealed. To what extent that was due to on-line security is certainly an issue. This statement supports then theory that personal security on-line is a major problem in the public's mind. There was no discernable pattern here by sex, age, or Internet experience. It appears that personal security is an issue for all Internet users.

\*Finding your desired product on-line-

A major theme of this project is to present the Internet as a tool of convenience. This statement revealed that our respondents feel the same way, with a majority answering

with either a 4 or 5. Almost 100% of those with average or better Internet skills answered with a 4 or 5, showing that those who possess the skills to maneuver on the Internet can find what they looking for.

\*Convenience when making an on-line purchase-

As previously stated convenience is a major benefit to the Internet, and the responses to this statement do tend to back that up. The author was surprised to find that the scores were not higher, as less people seemed to be less impressed by the convenience of purchase as opposed to the convenience of research dealt with in the previous statement. As one respondent added "it can be a pain to fill out all that information on the computer." It can never be said that any consumer, including Internet consumers, are not demanding shoppers.

\*Making an on-line purchase the first shopping option-

As will be discussed later, the future of the Internet is a hotly debated topic. One of the keys for the Internet to remain and grow as a major, or even the major, commercial communications mean is how primary of an option it is to the general public. This statement showed a variety of different opinions on the matter, as respondents with more experience and higher weekly usage were much more apt to go straight to the Internet. However, this statement revealed that the Internet is still far from being a consensus first choice, even by experienced users.

\*Returning to an on-line carrier of a service or product-

Loyalty marketing is a major part of commercialism, and the Internet is no different.

This statement backs up the idea that if an organization provides good service and quality products it has an excellent chance to earn the repeat business of its customers.

Respondents answered in a very neutral manner to this statement, showing that perhaps it was phrased too generally to be effective. However, what is needed to gain the loyalty of a customer differs depending upon circumstances, and it does fit that the respondents were not willing to pledge their loyalty immediately.

\*Being notified of new deals or opportunities on-line-

This statement completely supports the facts mentioned in chapter three on email marketing. Respondents were overwhelmingly comfortable in receiving notification on new deals or opportunities, with no discernable difference by Internet experience or compatibility. Information gathered from responses to statements such as these is a pointed reason as to why organizations put so much capital and effort into mass email marketing strategies.

Selling an item on-line using sites like Ebay & Yahoo-

The Internet is a versatile communications tool, allowing consumers the opportunity to not only make purchases on-line, but to sell personal items in a convenient manner as well. Respondents were very comfortable to the idea of reversing roles and playing the part of the seller in Internet transactions, seemingly due to more safety and security involved from a seller's standpoint. Lower responses were from those with less experience and proficiency using the Internet.

Several respondents also offered additional comments and insights at the bottom of this page. The most predominant of these comments were stated concerns for personal security on the Internet. An excellent example came from a female respondent with excellent Internet experience and proficiency who stated "as much as I (she) love(s) using the Internet, I will never feel safe giving out personal information." It is apparent that security will be a continuing theme as the Internet continues to develop and spread through society.

The last part of the survey was an open-ended SWOT analysis. Respondents are given the chance to voice their specific opinions and thoughts on the topic at hand. The author used the data returned from this portion of the survey to support many of the arguments and facts presented so far in this work. There were a few surprises, and a few responses that led to further questions, demonstrating the wide-open nature of this topic.

### **What we learned:**

#### **List three to five apparent strengths of shopping on-line-**

Convenience. Convenience. Convenience. There will be no stronger or more consistent of a pattern found anywhere within this work than the responses to this query. All but two of the 87 respondents mentioned convenience in some way when describing what they liked about shopping on-line. Other often mentioned factors were saving money, price comparisons, brand comparisons, timeliness, and versatility. Each of these reasons given support the arguments made as to why the Internet is a benefit to society.



List three to five apparent weaknesses of shopping on-line-

Personal security was almost as frequent of a submission as convenience on the previous question. Included within this categorization was the worry of giving out personal information such as credit cards, date of birth, phone numbers and addresses. Other responses included not being able to physically see or touch an item, mix-ups in size, misconceptions of details, orders not being processed properly, and not being able to ask questions of those selling the item or service. A curious submission that was offered was inconvenience. Each of the nine respondents who said a weakness of the Internet was lack of convenience also mentioned convenience as a strength of the Internet. The contrast does fit though. In the comments of one of the respondents it was said "I enjoy being able to buy anything right away without having to go anywhere, but I hate always having to wait for it to be delivered to me." An excellent point and an area in which the Internet suffers when compared to traditional shopping for products.

List any safety concerns you have when shopping on-line-

As the author expected, personal security was the most common response to the Internet's weaknesses. In order to build on that perception, this question asks for more detail on why consumers feel threatened when shopping on-line. Financial risk, such as credit card fraud or making payment without receiving the order, were the most frequent safety issues cited. Other responses were having personal information, like security purchases or personal purchases discovered, and a general paranoia of not wanting a person's business to become common knowledge. This is a typical feeling when using new

sources of media such as the Internet, caused by a lack of comfort and even knowledge by those that employ it.

List the products or services that you find to be the easiest to shop for on-line-

The respondents used this query to build on what was revealed in the first question within this section and the first two questions of the survey's previous section- convenience.

What is convenience to an Internet shopper? Items such as books, tapes/cd's, dvd's, airline tickets, vacation packages, and entertainment tickets were the most frequently submitted by the respondents. What is crucial to note here is that these are all items that can be purchased on-line without losing any or much of the exposure when purchased in person or by other means. A book does not have to be tried on; when purchasing a cd the size of it will not be a question; a pair of baseball tickets still take you to the same place as an end result. Buying these items on-line offer the consumer the chance to price shop, save time, and get the best deals. In other words, it is convenient.

List the products or services that you find to be the most difficult to shop for on-line-

In contrast to the previous query, this question asks the respondents what products or services give them difficulty when shopping on-line. Responses given included clothes, cars, electronic equipment, home purchasing or renting, toys, and vacations. As opposed to items thought to be easy to purchase on-line, these items oftentimes require some sort of personal exposure to ensure that what is being purchased fits the desire of the consumer. Many respondents seem to feel that there is too much risk involved when buying an item such as those listed and therefore would most likely feel more

comfortable acquiring these items by traditional means. The only product/service mentioned in both questions were vacations. While easy to some to go in and create a full itinerary, it may also be difficult to others to plan such a major event without easy access to a representative in order to ask questions and gain reassurance.

List any major changes you feel should be made to make on-line shopping a more efficient process-

Security and security issues were again the predominant issue raised by this question. To suggest change means to improve upon a negative, and personal security has been from start to finish within this survey the preeminent negative to on-line shopping. Should the security issue be improved, or even resolved as much as possible, Internet shopping would likely see a major curve upwards. Another change suggested with frequency was to create a more efficient customer service system in order to help the consumer answer the many questions that can come up when making a purchase.

As with the previous section of the survey, respondents were given the opportunity to add any further comments or insights at the bottom of the last survey page. Interestingly enough there were almost twice as many responses on the first comments section of the survey as on the last section. The author takes this as a positive sign, assuming that the versatile nature of the survey gave the respondents ample opportunity to express their opinions through the content of the survey. Most of the comments offered emphasized the point of that particular respondent, usually making sure their responses were clearly understood.

In the hopes of gaining more specific information, the author conducted an interview with one of the survey's respondents. This interview had two main focus points- first, to learn more about an average person's Internet shopping habits, and second, to delve deeper into the issue of personal security on-line. The respondent, Chris, is a 25 year old male, uses the Internet on a daily bases, has been on-line for 5 years, and considers himself at the "good" level in Internet proficiency.

Author (AU): Do you feel comfortable purchasing items on-line?

Chris (CJC): I do, to an extent. It really depends on what it is I'm buying.

AU: Please give examples of what you have no problem buying on the Internet, what is borderline for you, and what you just wouldn't buy on-line.

CJC: Well, I'm always buying cd's, dvd's, and small stuff like that on the Internet. I actually don't even go to the store anymore for that stuff unless I want to see or hear it immediately. I also love buying baseball memorabilia on-line and through places like Ebay and such. I've bought clothes on-line before, mostly as gifts for others, and that has gone pretty well. I would call that a borderline area though. If I'm buying an expensive shirt, or maybe a suit, I think I'd want to try it on and see it in person first. What I wouldn't buy on-line is a car. I recently purchased a Jeep SUV and though I was looking around for cars on the Internet, I'd never had bought one without seeing it in person or taking it for a test drive. Stuff like that just can't be done on-line.

AU: I believe you are thinking of getting engaged in the near future. Will the Internet play a role in your ring shopping? (Author's note- Chris' girlfriend should not be privy to the information referenced in the above question)

CJC: Well, I'd never buy the ring on-line. It is too important of a purchase to not make it in person. However, I have looked at a few sites to get an idea about cost and exactly what I should be looking for. Actually I've learned a lot about engagement rings by looking on-line.

AU: Do you feel safe using your credit card when making an Internet purchase?

CJC: Well, I guess I do. I've never had a problem myself, though my brother did once. He was charged repeatedly for a service every month that he didn't knowingly want to join. It was a real hassle and he lost some money on the deal. He is real cautious now when using the Internet. But I've never had a problem and it seems secure enough to me.

AU: The results of this survey indicate that a major worry of people is security on the Internet. Why do you think this is?

CJC: Well, there's always a risk when you buy something, Internet or not. I think people fear what they are unaccustomed to dealing with. The Internet is a new thing still, and people have to get used to it. I think in time security worries will diminish and it really won't be much of an issue.

AU: Thank you for your time.

This interview reaffirms not only the findings of the survey, but the information stated throughout this work. Chris is not alone in his hesitancy to make major purchases on-line, or to be unlikely to buy certain products that almost require a personal inspection. However, he does use the Internet to scout these type items and learn more about them. Two major purchases, a car and a ring, have been or will be purchased in person, but only after extensive research on the web. But what does this tell us about the

Internet? First, it shows the versatility of using the Internet, both for organizations pitching a product or service, or for an individual shopping for something. Television commercials and billboards market products to individuals to peak their interest in the hopes that they will look to make a purchase. The Internet does this as well.

Infomercials pitch products in the hopes that the customer will opt for convenience and pick up the phone to make a purchase. The Internet offers this as well. Sales people, customer service reps, and others work in stores and offices around the world in the hopes of selling their product or service to those interested. The Internet offers this as well, without having to deal with those individuals. Despite the many security concerns and limits in certain areas, it is apparent that the Internet is quickly become the ultimate marketing tool in a world built upon different means of communication.

# Chapter VI

## Summary

The inception of the Internet has changed the entire concept and strategy involved in commercial marketing. Whether the impact is direct or indirect, obvious or subtle, the Internet has become one of the world's ultimate forms of communication. With such a large number of people using the Internet, and the furious rise in those who begin to use it every day, organizations realize that this is where they should now focus their marketing efforts.

By learning the history of the Internet, its sudden rise in popularity, and its rapid growth throughout the world, one develops an appreciation for this new communication technique. Speed, convenience, privacy, and technological advancement are all positives the Internet brings the individual, and an entire corporate world has had to make adjustments accordingly. By developing focus groups and targeting the proper audiences, an organization can effectively market towards those most likely to purchase their product and service. However, it has also been noted that this is not yet an exact science on the Internet and many organizations have found it to be difficult to identify their target market on-line.

Internet marketing is not as simple as developing a web site and selling a product or service from that site alone. Much of what is offered on-line cannot be or is not purchased on-line, though the Internet remains a crucial element in marketing that particular element. The Internet is an information superhighway available to almost every different culture there is, and a versatile approach is what will make organizations on-line marketing efforts successful.

No other communication medium will see a larger growth than the Internet over the next four years, yet it will still remain a relatively small proportion of the overall



advertising market Newsbytes, Dec 20, 01). Gartner Inc. expects the online ad market to grow 137 percent by 2005, even though over the same time period advertising revenue growth among broadcast and print media will be flat. The downside to this fact is that online ad revenue comprises just three percent of the total market. US Internet advertising will grow from \$7.9 billion in 2001 to \$18.8 billion by 2005, and year-over-year growth through the period will be fifteen percent, compared with 100 percent in 1998.

Among the 2,800 sites featured by advertising in the US, the top 20 sites get eighty percent of the revenue, so online media should diversify in order to shift some of the cash inflow to other areas of the industry. To make up for the lack of advertising revenue, Gartner recommends that online media find additional sources of revenue to expand user bases and get better demographic and targeting data from user registrations.

Business services such as customized enterprise software, audio/video streaming and store hosting are the most promising revenue sources, followed by subscriptions, licensing, e-commerce and international expansion.

The development of a web page is not only a crucial step in Internet marketing, but it is now the trendy one as well. Everybody has a web site. Go to a Harley Davidson show in Greenville, South Carolina and marketing propaganda will be distributed with the company's email address prominently displayed. Every commercial, every magazine ad will at some point showcase the web address of the company. Organizations know the role the Internet now plays in their marketing efforts, and a web page is the home base of their efforts.

Internet advertising is rapidly growing with every passing year. This year alone, CyberAtlas.com is forecasting a growth of 8.8 percent in the US. Major events such as the Winter Olympics and Congressional races are expected to boost ad revenues, as more people than ever will be logging online. No other media means in the country will grow at the same pace as the Internet, with newspapers coming the closest at a paltry 3.1 percent.

With such a growth rate, marketing on the Internet is constantly being reevaluated and redefined. The comforts and fears of Internet users are broad and difficult to define. The survey discussed previously demonstrates this fact. However, facts and figures revealing the awesome communication powers of online marketing ensure that all organizations will continue to research and exploit this profitable marketplace.

### **Conclusions and Recommendations**

Perhaps no time in history has seen such a technological revolution as the later half of the 20<sup>th</sup> century. Unrestricted telephone service, television, computers, space travel, satellite communication, and more define the past 40 years of technology. The Internet is a culmination of all of this technology and is well on its way to becoming the ultimate communication tool in the world. Simply enough, the Internet is versatile enough to include almost all other major communication means within it, and unique enough to be the first and only invention of its kind to include such a broad base of users.

The concept of marketing is to place the product or service being offered in front of possible consumers. The more consumers privy to the marketing efforts, the more likely sales will increase and revenue will be produced. As television once was, the Internet is now the new communications means that organizations are using to push their products and services. Whether what is offered is something to be purchased online, or if the Internet is just another information source of the product, the distribution possibilities are greater then ever before.

Contemplating the future of Internet marketing is a tenuous job at best. While the Internet's future is certainly secure, the role of marketing and commercialism within it is not. While no other media offers such access to such a large group of possible consumers on a daily bases, the ability to track and record discernable trends and patterns is far from an exact science. Organizations now pour money into researching the best strategies for attacking their target audiences, striving to develop a particular method that narrows down their exposure techniques to save cost and gain efficiency.

The author believes the Internet will continue its phenomenal growth into an endless future. The Internet has made the world an infinitely smaller place to live, and as time continues this will only continue. The new cyber-age will dominate communication, and the world of big business and small town shops must alter their marketing strategies to compete. Defining target audiences, developing web sites, advertising both on and off the web, and making a concerted effort to know who your customer is will be the ingredients to success of tomorrows organization.

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"http://entreworld.lycos.com/Default.cfm?Topic=Taking+Time+Off:+For+the+Exhausted+Entrepreneur"

Taking Time Off: For the Exhausted Entrepreneur

"http://entreworld.lycos.com/Default.cfm?Topic=Global+Expansion:+Wide+Web,+Small+World"

Global Expansion: Wide Web, Small World

"http://entreworld.lycos.com/Default.cfm?Topic=Crisis+Management+and+Damage+Control"

Crisis Management and Damage Control

"http://entreworld.lycos.com/Default.cfm?Topic=Mergers+and+Acquisitions"

Mergers and Acquisitions

"http://entreworld.lycos.com/Default.cfm?Topic=Staying+Power:+How+Companies+Last"

Staying Power: How Companies Last

"http://entreworld.lycos.com/Default.cfm?Topic=Changing+Faces,+Transforming+Business"

Changing Faces, Transforming Business

"http://entreworld.lycos.com/Default.cfm?Topic=New+Business+Models"

New Business Models

"http://entreworld.lycos.com/Default.cfm?Topic=Virtual+Companies:+A+Reality"

Virtual Companies: A Reality

"http://entreworld.lycos.com/Default.cfm?Topic=E-Marketing+Comes+of+Age"

E-Marketing Comes of Age

"http://entreworld.lycos.com/Default.cfm?Topic=What's+Your+Company+Worth?"

What's Your Company Worth?

"http://entreworld.lycos.com/Default.cfm?Topic=A+Fortune+for+Your+Thoughts"

A Fortune for Your Thoughts

"http://entreworld.lycos.com/Default.cfm?Topic=Keys+to+Creating+Success"

### Keys to Creating Success

"http://entreworld.lycos.com/Default.cfm?Topic=Entrepreneurs+at+the+Turn+of+the+Century"

### Entrepreneurs at the Turn of the Century

"http://entreworld.lycos.com/Default.cfm?Topic=One-to-One+Marketing"

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# Appendix A

## Survey

Hello:

This survey is part of my Masters Thesis in the Corporate & Public Communication program at Seton Hall University. The basis of my thesis is to discover what effect that the inception of the Internet has had on commercial marketing. To accomplish my goal it is necessary to see what those who shop on-line are thinking when they do so. What are the advantages? Disadvantages? What would you change? These are just some of the questions that I am looking to answer with the results of this survey. If you are in any way interested in the results of this survey, please write your contact information on this page and I will inform you upon the completion of my thesis.

This survey is designed to obtain information on the comfort and confidence level's that consumers have when involved in commerce on the Internet. The questions on the following pages will help me to ascertain the strategies involved in on-line marketing and how the Internet has changed the face of marketing.

Thank you for your participation!

Michael Peterson

## Information Page:

Please answer any, all, or none of the below questions-

1.) Sex:

☐ Male

☐ Female

2.) Age Group:

☐ 1-17

☐ 18-25

☐ 26-40

☐ 41-55

☐ 56+

3.) Range of internet  
usage per week (hours):

☐ 7+

☐ 4-6

☐ 1-3

☐ 0

4.) How long have  
you been using  
the internet (years):

☐ 7+

☐ 4-6

☐ 1-3

☐ 1 or less

5.) Rate your proficiency on-line:

☐ Excellent; Mastery of all needed skills

☐ Good; Competent in most areas

☐ Average; You accomplish what you need to

☐ Still learning; I'm familiar with it, but nothing past that

☐ Beginner; the 10 year old next store normally helps me out

**Please rate your confidence/comfort level when confronted with the following options:**

**Scale:** 5 being highest level of confidence, 1 being the lowest level of confidence

1.	Making an on-line purchase	5	4	3	2	1
2.	Making a "major" purchase on-line	5	4	3	2	1
3.	Obtaining information about a product on-line	5	4	3	2	1
4.	Personal security when making an on-line purchase	5	4	3	2	1
5.	Finding your desired product on-line	5	4	3	2	1
6.	Convenience when making an on-line purchase	5	4	3	2	1
7.	Making an on-line purchase the first shopping option	5	4	3	2	1
8.	Returning to an on-line carrier of a service or product	5	4	3	2	1
9.	Being notified of new deals or opportunities on-line	5	4	3	2	1
10.	Selling an item on-line using sites like Ebay & Yahoo	5	4	3	2	1

**Additional comments or insights:**

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### **Your thoughts on the Shopping on the Internet-**

**1.) List three to five apparent strength's of shopping on-line:**

\*

\*

\*

\*

\*

**2.) List three to five apparent weaknesses of shopping on-line:**

\*

\*

\*

\*

\*

**3.) List any safety concerns you have when shopping on-line:**

\*

\*

\*

\*

**4.) List the products or services that you find to be the easiest to shop for on-line:**

\*

\*

\*

\*

5.) List the products or services that you find to be the most difficult to shop for on-line:

- \*
- \*
- \*
- \*

6.) List any major changes you feel should be made to make on-line shopping a more efficient process:

- \*
- \*
- \*
- \*

Please add any additional thoughts or ideas:

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## Appendix B

### Analysis of the Survey

**Survey  
Results:**  
87 Respondents

	<u>Answer #5</u>	<u>Answer #4</u>	<u>Answer #3</u>	<u>Answer #2</u>	<u>Answer #1</u>	<u>Results</u>
Question #1	37	31	6	11	2	4.03
Question #2	7	13	12	19	36	2.26
Question #3	78	9	0	0	0	4.90
Question #4	13	18	7	22	27	2.63
Question #5	37	29	11	8	2	4.05
Question #6	27	21	12	24	3	3.52
Question #7	21	23	6	24	13	2.71
Question #8	14	13	36	19	5	3.14
Question #9	29	26	9	8	13	3.51
Question #10	36	22	8	15	6	3.77

**Range:**

1. 3.2 and Higher = Profound Agreement
2. 2.8-3.2 = Agreement
3. 2.8-2.2 = Disagreement
4. 2.2 and Lower = Profound Disagreement

**Methodology:**

Each response is given a point value based upon the number answered. For instance, in question number 1 a response of answer 4 is worth four points. There are 31 people who chose number 4, meaning  $31 \times 4$ , which equals 124 points. The total points for each answer is then divided by 5, with the answer being the average answer for the particular question.



# Appendix C

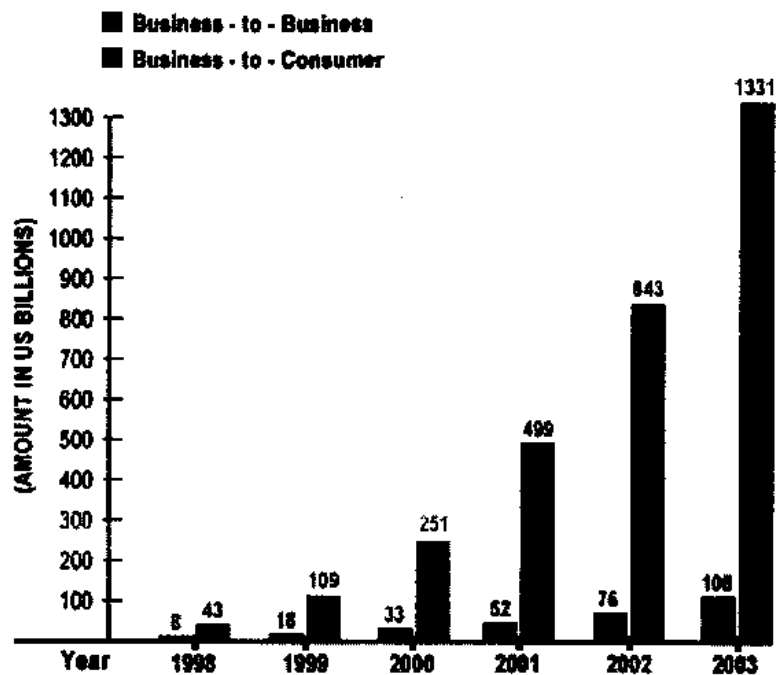
## Graphs and Charts

## How Many Online?

The art of estimating how many are online throughout the world is an inexact one at best. Surveys abound, using all sorts of measurement parameters. However, from observing many of the published surveys over the last two years, here is an "educated guess" as to how many are online worldwide as of February 2002. And the number is 544.2 million.

<u>World Total</u>	544.2 million
<u>Africa</u>	4.15 million
<u>Asia/Pacific</u>	157.49 million
<u>Europe</u>	171.35 million
<u>Middle East</u>	4.65million
<u>Canada &amp; USA</u>	181.23 million
<u>Latin America</u>	25.33 million

## US ECOMMERCE 1998 - 2003



**WEB ADVERTISING REVENUE 1996 - 2002**

YEAR	1996	1997	1998	1999	2000	2001	2002
IDC	260	550	1,200	2,000	3,300	NA	NA
Forrester	NA	580	1,000	1,750	4,100	5,600	8,100
Cowles/Simba	236	597	976	1,500	2,400	NA	NA
Jupiter	301	940	1,900	3,000	4,400	5,800	7,700
ActivMedia	NA	400	1,700	4,700	11,200	23,500	43,300
IAB	287	908	2,000	NA	NA	NA	NA
Yankee Group	220	630	1,200	1,850	2,200	3,800	6,500

AMOUNTS GIVEN IN MILLIONS (US DOLLARS)